

ENERGY EFFICIENCY ACCORD

Between

The Government of South Africa, Department of Minerals and Energy (DME)

and

(Full Company Name)

1. PARTIES

This document constitutes an accord between the Department of Minerals and Energy (DME) and the undersigned associations and individual companies using energy in their business operations.

2. BACKGROUND

Both South African business and the Government recognise that improvements in energy efficiency are needed if the country is to remain competitive internationally whilst dealing effectively with potential electricity capacity shortages, environmental concerns and the steadily rising price of all energy sources.

The Government of South Africa, through the DME, has issued the Energy Efficiency Strategy of the Republic of South Africa in March 2005. One element of this Strategy is the encouragement of business-led, voluntary initiatives to improve energy efficiency. This Accord stands as a commitment between government and industry to support this specific objective of the Strategy. Energy efficiency commitments should not be seen in isolation of the national imperatives of increased investment, economic growth and job creation or the business drivers of efficiency, competitiveness and safety standards.

3. PURPOSE

The DME and the industry signatories agree to collaborate to establish a mutually beneficial framework for voluntary energy efficiency initiatives that will help move the country towards its goals of attracting investment in Clean Development Mechanism (CDM) projects and efficient energy use.

Specifically, the DME and the industry signatories will work together to establish a programme that individual industry associations and companies will be able to join voluntarily.

4. COMMITMENTS

The Parties recognise the national imperative to achieve higher economic growth rates and agree that energy efficiency improvements need to be considered within the context of this overarching imperative.

The Parties agree to cooperate to pursue the national energy efficiency targets on a voluntary basis, recognising that energy usage is a major contributor to greenhouse gas emissions in South Africa. They also agree to collaborate on initiatives that could result in CDM projects. The success of voluntary based initiatives will form part of the regular reviews provided for in the Energy Efficiency Strategy.

4.1 Targets

Industry signatories acknowledge the target, set in terms of the Energy Efficiency Strategy of the Republic of South Africa, of a national final energy demand reduction of 12% by 2015, expressed as a percentage reduction against the projected national energy use in 2015, with a final energy demand reduction target for the industry and mining sector as a whole of 15% by 2015. The industry signatories commit to the following actions towards this target.

4.2 Industry

We, the undersigned industry signatories, agree to collaborate with each other and Government to:

- promote the development of sector specific strategies and targets, in partnership with Government, that will contribute to the achievement of the overall energy efficiency target set by Government;
- promote the use of Demand Side Management contracts concluded with energy suppliers, where they exist, and to negotiate additional such contracts where appropriate, towards achievement of the above target;
- develop common reporting requirements for energy usage from all energy sources, taking into account, where possible, existing internationally recognised protocols for reporting such as those developed by the Global Reporting Initiative;
- define industry-specific projected energy use in the future, based on Business-as-usual (BAU) growth expectations;
- agree on 2000 as the baseline year against which performance will be measured;
- establish methodologies that will allow the baseline quantification for energy use/intensity (consumption per unit of production or any other relevant denominator) in various sub sectors, and to take into account the need to measure specific energy intensity (providing for the differing sub sectors) rather than absolute energy use in order to promote industrial growth whilst achieving energy efficiency and recognising the energy conservation measures already in use in some sub sectors;
- establish methodologies to take into account increased production so that the pursuit of improved energy efficiency does not hamper industrial growth;
- develop a generic energy auditing protocol that can be adapted for use by the individual sector and company signatories;
- endeavour that, where appropriate, training material prepared during the course of this accord be accredited through the relevant SETA and that the sector skills plans of the various sectors include the development of the skills necessary to sustain the commitments made in this accord; and
- where appropriate, exploit opportunities presented by energy efficiency projects to develop CDM projects.

4.3 The DME

I, the undersigned, on behalf of government, agree that we will work cooperatively with industry signatories to realise the above commitments and to:

- engage with industry signatories leading up to the three yearly interval reviews that are envisaged in the Strategy;
- develop strategies, including the provision of fiscal and other incentives with signatories to incentivise the achievement of agreed sectoral targets by industry on a sector or enterprise basis;

- afford signatories the opportunity to provide input to the concept and structure of future energy related strategy, regulations and standards;
- build a relationship of trust and cooperation with signatories;
- encourage and enable information sharing and networking activities with the private sector and to seek synergy with the greenhouse gas initiatives undertaken by the Department of Environmental Affairs and Tourism;
- identify and share Best Practices (where appropriate to the South African context) among all parties and consider them as the basis for the establishment of standards;
- recognise industry signatories as contributors to the ongoing process to revise the National Energy Efficiency Strategy; and
- promote CDM projects as a vehicle to achieve improved energy efficiency.

5. MILESTONES

The Parties acknowledge the Energy Efficiency Strategy of the Republic of South Africa and agree that the strategy will be reviewed every three years in a collaborative process between the Parties.

The Parties acknowledge further that the Energy Bill, which will be enacted by the end of 2005, will contain elements relating to energy efficiency and agree that implementation of these elements will take place in consultation amongst the Parties.

Each energy using industry signatory, individually and/or with the assistance of and through collaboration with industry associations where appropriate, commits to the development of a specific energy efficiency strategy within one year of the signing of this Accord.

6. INSTITUTIONAL ARRANGEMENTS

The Industry signatories agree that the National Business Initiative will act as the liaison with Government in the implementation of this Accord. In this regard, Business Unity South Africa is recognised as one of the formal and representative business organisation mandated to deal with formal legislative and policy negotiations.

Industry parties will collaborate with Government in the compilation of an annual national progress report, including energy data and progress against the agreed targets.

Signed in Johannesburg, South Africa, this first day of August, 2006

Buyelwa Patience Sonjica

For the DEPARTMENT OF MINERALS AND ENERGY

(Name of Signatory)

(Company Name)